Major racket flourishing in multiple share applications

986. PROF. VIJAY KUMAR MALHOTRA: Will the Minister of FINANCE be pleased to state:

(a) whether the attention of Government has been drawn to the news-item appearing in the Hindustan Times of 25th June, 1994, under the caption "Major racket flourshing in multiple share applications";

(b) if so, the details thereof and the action taken thereon;

(c) whether the bank officials who are responsible for the misuse of the stock-invests have been identified;

(d) if so, the details thereof; and

(e) the action taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Yes, Sir.

(b) It has been noticed that in some of the recent public issues, large scale benami share applications have been lodged using the instrument of Stockinvest'. The Income Tax Department had conducted an investigation into the allegation that there were a large number of applications made in fictitious names in respect of the public issues of equity shares by State Bank of India, and had seized certain share certificates and refund orders from the office of the Registrars to the issue. The Income Tax Department had also restrained the Registrars from despatching some share certificates and refund orders. State Bank of India had advised the Registrars to reject all multiple and benami application, besides incomepletely/inaccurately filled applications.

(c) to (e) The Reserve Bank of India (RBI) had conducted a scrutiny of the operation of the Stockinvest scheme at the branches of a few banks in Bombay and Ahmedabad. This revealed irregularities in the working of the scheme, such as issue of stockinvest in bulk to share brokers, corporate bodies and financial institutions, issue of stock-invest against inadequate deposit, issue of pre-dated stockinvest and transfer of stockinvest to third parties, RBI brought these irregularities to the notice of the banks concerned with instructions to initiate immediate action to rectify the irregularities, including fixation of staff accountability.

Misuse of Vabal Scheme

987. PROF. VIJAY KUMAR MALHOTRA:

SHRI O. P. KOHLI:

Will the Minister of FINANCE be pleased to refer to the answer to Unstarred Question 2612 given in the Rajya Sabha on 15th March, 1994 regarding misuse fo VABAL scheme and state:

(a) whether the Committee of inter-ministerial constituted by the Director-General of Foreign Trade has since looked into the Value Based Advanced Licencing Scheme;

(b) if so, the details thereof as also the outcome thereof; and

(c) the action taken by Government thereon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Yes, Sir. The inter-ministerial Committee, set up by the Director-General of Foreign Trade, examined various aspects of the Value Based Advanced Licencing Scheme, in consultation with the trade Export Promotion Councils and other Governmental agencies and recommended its continuance. However, to prevent misuse of concessions thereunder, the Committee recommended that generic entries may, as far as possible, be tightened and the input-output norms be fixed for specific products. Further, before granting value-based licences above Rs. 25 lakhs, the